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In The

SUPREME COURT OF THE UNITED STATES

October Term, 1972

No. _____

SCHOENLING BREWING CO., INC.,
an Ohio Corporation,

Petitioner,

vs.

WURZBURGER HOFBRAU AKTIENGESELLSCHAFT, a German joint stock company; ORIGINAL BEER IMPORTING & DISTILLING CO., INC., a New York corporation,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

Petitioner, Schoenling Brewing Co., Inc., respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Sixth Circuit, entered in this proceeding on July 12, 1972, petition for rehearing was denied August 24, 1972 and request for reconsideration was denied September 19, 1972.

REPORTS OF OPINIONS AND JUDGMENTS BELOW

The opinion of the United States District Court for the Southern District of Ohio, Western Division, filed March 12, 1971, is reported at 331 F. Supp. 497 and 169 USPQ

714, while judgment entered March 24, 1971 by the district court and Orders entered July 12, 1972, August 24, 1972, and September 19, 1972 by the United States Court of Appeals for the Sixth Circuit have not been reported, but all are appended at page 20 *et seq.*

GROUNDS ON WHICH THE JURISDICTION OF THIS COURT IS INVOKED

The court of appeals decided at least one federal question in a way in conflict with applicable decisions of this Court when it ". . . in all respects affirmed for the reasons set forth in the district court's opinion of March 12, 1971 . . ." the judgment order entered March 24, 1971 by the district court. Petition for rehearing, calling attention to findings of the district court and this Court's opinion in *Saxlehner* v. *Wagner*, 216 U.S. 375, was overruled August 24, 1972, and request for reconsideration of petition for rehearing was denied September 19, 1972. Petitioner believes jurisdiction to review the judgment of the court of appeals by writ of certiorari is conferred by Title 28, U.S.C. § 1254; Act of June 25, 1948, c. 646, 62 Stat. 928.

QUESTIONS PRESENTED FOR REVIEW

1. When the district court found two breweries have been brewing beer probably for centuries in Wurzburg, Bavaria, plaintiff's product labeled Wurzburger Hofbrau and the other brewery's labeled Wurzburger Burgerbrau, did not the district court err as a matter of law in finding that the term Wurzburger has acquired secondary meaning in the United States, even if plaintiff is the only one now sending the Wurzburger beer here?

Schoenling contends the district court erred.

2. Did the district court err in dismissing Schoenling's counterclaim that plaintiffs both procured U.S. Trademark Registration No. 822,509 by misrepresentation and fraud upon the Patent Office and use same in bringing this litigation to Schoenling's damage as part of an attempt to in the United States monopolize the unpatented product, Wurzburger beer, whether called Wurzburger because made in Wurzburg, Bavaria or called Wurzburger Style or Wurzburger Type because made in the United States? Schoenling contends the district court erred.

CONSTITUTIONAL PROVISIONS, TREATIES, STATUTES, AND REGULATIONS INVOLVED

TRADEMARK ACT OF 1946 AS AMENDED:

Section 1.

"The owner of a trademark used in commerce may register his trade-mark under this chapter on the principal register established:

(a) By filing in the Patent Office –

(1) a written application, in such form as may be prescribed by the Commissioner, verified by . . . an officer of the corporation . . . applying, . . .

. . .

(3) such number of specimens or facsimiles of the mark as actually used as may be required by the Commissioner.

. . ." [Act of July 5, 1946, c. 540, Title I, § 1, 60 Stat. 427; Oct. 9, 1962, Pub.L. 87-772, § 1, 76 Stat. 769 (15 U.S.C. § 1051).]

and the further sections quoted in this petition at the respective pages as noted are:

Section 7 (b) [15 U.S.C. § 1057b] at page 15;

Section 14 [15 U.S.C. § 1064] at page 16;

Section 33b [15 U.S.C. § 1115b] at page 16;

Section 38 [15 U.S.C. § 1120] at page 17; and

Section 42 [15 U.S.C. § 1124] at page 15.

FEDERAL ALCOHOL ADMINISTRATION ACT AS AMENDED:

Section 5.

"Sec. 5. It shall be unlawful for any person engaged in business as a . . . brewer, . . . importer or wholesaler, of . . . malt beverages, . . . directly or indirectly or through an affiliate:

. . .

"(e) Labeling. — To sell or ship or deliver for sale or shipment or otherwise introduce in interstate or foreign commerce, or to receive therein, or to remove from customs custody for consumption, any . . . malt beverages in bottles, unless such products are bottled, packaged and labeled in conformity with such regulations, to be prescribed by the Secretary of the Treasury, with respect to packaging, marking, branding, and labeling . . . (1) as will prohibit deception of the consumer with respect to such products . . . and as will prohibit . . . matters as the Secretary of the Treasury finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products, . . . and the manufacturer or bottler or importer of the product: . . . (4) as will prohibit statements on the label that are . . . false, misleading . . .; and (5) as will prevent deception of the consumer by use of a trade or brand name . . . if the use of such name or representation is likely falsely to lead the consumer to believe that the product has been endorsed, made, or used by, or produced for or under the supervision of, or in

accordance with the specification of such individual or organization: . . .

. . .

"In order to prevent the sale or shipment or other introduction of . . . malt beverages in interstate or foreign commerce, if bottled, packaged, or labeled in violation of the requirements of this subsection, (1) . . . no brewer or wholesaler of malt beverages shall bottle, and (2) no person shall remove from customs custody, in bottles, for sale or any other commercial purpose, . . . malt beverages, . . . unless, upon application to the Secretary of the Treasury, he has obtained and has in his possession a certificate of label approval covering the . . . malt beverages, issued by the Secretary in such manner and form as he shall by regulations prescribe: . . . The district courts of the United States, and the United States court for any Territory shall have jurisdiction of suits to enjoin, annul, or suspend in whole or in part any final action by the Secretary upon any application under this subsection:

"(f) . . .

"The Secretary of the Treasury shall give reasonable public notice, and afford to interested parties opportunity for hearing, prior to prescribing regulations to carry out the provisions of this section." [Act of Aug. 29, 1935, c. 814, § 5, 49 Stat. 981; Act of Feb. 29, 1936, c. 105, § 2, 49 Stat. 1152; Act of June 25, 1936, c. 804, 49 Stat. 1921; Act of June 26, 1936, c. 830, Title V, §§ 505, 506, 49 Stat. 1965, 1966; Reorg. Plan No. III, § 2, eff. June 30, 1940, 5 Fed. Reg. 2108, 54 Stat. 1232; Act of Apr. 20, 1942, c. 244, § 1 (h), 56 Stat. 219; (27 U.S.C. § 205).]

FEDERAL ALCOHOLIC MALT BEVERAGE LABELING REGULATION § 7.24 (e) [27 C.F.R. § 7.24 (e)] was promulgated under the Federal Alcohol Administration Act and is quoted in this petition at page 7.

STATEMENT OF THE CASE

Plaintiffs-appellees are Wurzburger Hofbrau A.G., a Bavarian corporation, (hereinafter sometimes called WH), which operates the Wurzburger Hofbrau in Wurzburg, Bavaria, and Original Beer Importing & Distributing Co., Inc., a New York corporation, (hereinafter sometimes called OBI), the general agent of WH in the United States and sole importer and distributor of WH's beers in the United States since their post-World-War II importation was begun in the spring of 1950.

Defendant-appellant is Schoenling Brewing Co., Inc., an Ohio corporation, (hereinafter sometimes called Schoenling), which operates a brewery in Cincinnati, Ohio.

In citations to the record, record is abbreviated, R., and arabic numeral page numbers are in the regular printed Appendix volume below while numbers having the prefix, E. refer to the Exhibit Appendix volume below.

Wurburg is a town in Bavaria in which two breweries have been brewing beer for probably centuries. One brewery, Wurzburger Hofbrau (The Wurzburg Court Brewery), is operated by one of the plaintiffs-appellees and has always labeled its beer "Wurzburger Hofbrau" in Germany and until the middle 1960's in this country as well. The second brewery, Wurzburger Burgerbrau (The Wurzburg Citizens' Brewery), is operated by a competitor of said plaintiff and has always labeled its beer "Wurzburger Burgerbrau" in Germany, and its beer in the past has also been imported into the United States, and U.S. Trademark Registration No. 253,282 was issued to it on February 26, 1929 for one of its trademarks including "Wurzburger Burgerbrau". [Page 22, *infra;* R. E50].

For many years beginning long prior to the Prohibition Era, various breweries in the United States used the word "Wurzburger" in labeling their product. [Page 24, *infra*].

During Prohibition numerous malt syrup products were sold under labels bearing the word Wurzburger or variants thereof. [R. E48, E49, E51-E53, E73]. Following on post-repeal public hearings, the labeling regulation for alcoholic malt beverages, reflecting the prior usage, was in November 1936 promulgated under and is changeable after notice and public hearing under the terms of the Federal Alcohol Administration Act, August 29, 1935, c. 814, § 5, 49 Stat. 982 49 Stat. 984; 27 U.S.C. § 205. The district court noted the regulation then promulgated, which remains in force to this day, is 27 C.F.R. § 7.24 (e) , namely:

> "Geographical names for distinctive types of malt beverages (other than names found by the Director under paragraph (f) of this section to have become generic) shall not be applied to malt beverages produced in any place other than the particular region indicated by the name unless (1) in the direct conjunction with the name there appears the word 'type' or the word 'America,' or some other statement indicating the true place of production in lettering substantially as conspicuous as such name, and (2) the malt beverages to which the name is applied conform to the type so designated. The following are examples of distinctive types of beer with geographical names that have not become generic: Dortmund, Dortmunder, Vienna, Wein, Weiner, Bavarian, Munich, Munchner, Salvator, Kulmbacher, Wurtzburger, Pilsen; Provided, that notwithstanding the foregoing provisions of this section, beer which is produced in the United States may be designated as 'Pilsen,' 'Pilsener,' or 'Pilsner' without further modification, if it conforms to such type.".

but the district court dismissed that regulation as now "more historical than anything else." [Page 38, *infra*]. During the period of years of World War II (begun in 1939) and until mid-1950, the plaintiff's beer was not im-

ported into the United States due to wartime restrictions and the postwar effect of destruction of a large part of the brewery by wartime bombing [R. 85-86, 438, E18], but the district court found:

> "The plaintiff's use of the word 'Wurzburger' as its trademark for beer sold in the United States has been substantially exclusive since 1946." [Page 29, *infra*].

That finding is manifestly inconsistent with the absence of plaintiff's beer from the U.S. market in 1946 and several years following, and was inconsistent with deposition and public record evidence of record that a number of breweries in the United States were then making and selling Wurzburger type beer and continued to do so for years thereafter [R. 327, 329, 332-334, 336, 338, 354-357, 392-394, 402-403, E74, E107-E109, DX93A at page 11]. The district court's Opinion notes the plaintiff's awareness of two of these; one, Hampden-Harvard Brewery sold Wurzburger type beer in draft until November 1960 when threat of trademark infringement suit by plaintiffs applied the double leverage of problems such a suit would raise in an approaching corporate merger and the prospect of substantial litigation expenses to be expected [Page 31, *infra;* R. 335]; and, a second, The West End Brewing Company of Utica, New York, when similarly threatened in late 1961 called attention to its Trademark Registration 305,003 of UTICA CLUB for goods including Wurzburger malt beverages of legal alcoholic content, attention to its use thereof for many years and that use continued in mid-1969 when it was again threatened [R. E111], long after Complaint was filed herein. [Page 31, *infra;* R. E55-E60].

In mid-1962 plaintiffs, by their attorney, asked that "Wurzburger" be deleted from the Malt Beverage Regulation 27 C.F.R. § 7.24 (e) but the request was refused by the Acting Director, Alcohol and Tobacco Tax Division of

the U.S. Treasury Department, Internal Revenue Service. The district court admitted the letter requesting such change [R. E81-82], but refused to admit the Treasury's letter [Pages 47-49, *infra*] denying the request and proffer was made [R. 257]. No appeal was taken by WH or OBI from that administrative action which referred to Treasury records and questioned the accuracy of representations made in WH-OBI's request.

In May 1964 W.H., a German corporation, filed application for registration of Wurzburger as a trademark for beer in commerce with the United States. While the district court noted ". . . the application was signed by a person not authorized under German law . . ." [Page 30, *infra*] it failed to note the application [R. E149-152] did not comply with the Lanham Act of July 5, 1946, c. 540, 60 Stat. 48; 15 U.S.C. § 1501 (a) (1) (3) [Page 3, *supra*], for it firstly was not verified by an officer of the corporation and secondly presented back labels [R. E151] (using Wurzburger descriptively and those labels were not lawfully usable alone [R. 116]) as specimen labels purportedly showing the mark as actually used, when they did not. In the course of prosecution of that application to issuance of Registration 822,509 in suit, the defendant contends fraud was perpetrated on the Patent Office in several additional ways. The Examiner's refusal of registration on the ground that the term Wurzburger is primarily descriptive as applied to beer relied upon Malt Beverage Labeling Regulation 27 C.F.R. 7.24 (e) [R. E153] which plaintiff, like the district court below, argued may be ignored [R. E157] but did not reveal it had only three years earlier requested change of that regulation and been turned down [Page 47, *infra*]. The Examiner also relied upon an expired trademark registration in which the descriptive term Wurzburger style beer appeared [R.

E153]. Plaintiff argued the registration issued more than twenty years previously was irrelevant [R. E157], but did not reveal its attention had been called to similar continuing descriptive use by the West End Brewing Company in 1961, Hampden-Harvard's use ended in 1960 or the long continuing descriptive use in registration of Utica Club called to its attention by West End in 1961 [Page 31, *infra;* R. E87-E92; E55-E60].

In prosecution, the application was amended by addition of a claim "The mark has become distinctive of applicant's goods as evidenced by the showing submitted separately." [R. E155]. The showing then submitted [R. E158-E193] and as later supplemented [R. E199-E210; E215-E216] did not include any information as to the usages of Hampden-Harvard, West End, Schoenling or Wurzburger Burgerbrau. All of the defects in the application and the failure of the applicant to advise the Examiner in the course of prosecution of all facts it knew were called to the district court's attention, but the court found "Some of the fraud objections . . . without merit," implying some had merit, but it only spoke specifically on fraud it belittled as "insubstantial and immaterial" and ignored in concluding that Registration 822,509 was not obtained by fraud and the technical objections are without merit [Pages 30 and 36, *infra*]. The statutes condemn all fraud, whether great or small, it is proscribed!

Schoenling's Brewmaster, Gerhard Meng, from the mid 1950's until late 1961 or early 1962 worked on the making of a premium beer of the character of beers made in Bavaria. The resulting beer had characteristics Mr. Meng considered in conformity with those to which the geographical type names Dortmunder, Munchner and Wurzburger apply. One ingredient used in making the beer was Wurzburger Style Malt Color, an ingredient which has been

sold to and used by American breweries in making beer since prior to World War I. The beer was sold under the geographically descriptive type name Old Wurzburger Style Beer beginning March 13, 1962. Plaintiffs objected to that descriptive use in 1965, but never advised the Patent Office of the particulars of its objection to or even of defendant's use, and after the application filed in May 1964 matured as Registration 822,509 in January 1967 the plaintiffs subsequently brought the present action. A certified copy of the Patent Office file relating to Registration 822,509 was offered as Plaintiff's Exhibit No. 104 and the labels forming part of the application were incorrectly portrayed therein [R. E23-E26]. During the course of trial defendant sought and obtained a correct certified copy wherein the back label specimens are correctly portrayed. [R. E147-E218].

The district court found jurisdiction under the Act of June 25, 1948, c. 646, 62 Stat. 931; 28 U.S.C. § 1338 and diversity and amount in controversy, Act of June 25, 1948, c. 646, 62 Stat. 930; Act of July 26, 1956, c. 740, 70 Stat. 658; Act of July 25, 1958, Pub. L. 85-554, § 2, 72 Stat. 415; Act of Aug. 14, 1964, Pub. L. 88-439, § 1, 78 Stat. 445; 28 U.S.C. § 1332.

Defendant's Counterclaims also alleged jurisdiction under the Act of June 25, 1948, c. 646, 62 Stat. 931; 28 U.S.C. § 1337; the Act of June 25, 1948, c. 646, 62 Stat. 964; Act of May 24, 1949, c. 139, § 111, 63 Stat. 105; Act of Aug. 28, 1954, c. 1033, 68 Stat. 890; Act of July 7, 1958, Pub. L. 85-508, § 12 (p), 72 Stat. 349; 28 U.S.C. §§ 2201 and 2202; and under the Sherman Antitrust Act of July 2, 1890, c. 647, § 2, 26 Stat. 209; Act of July 7, 1955, c. 281, 69 Stat. 282; 15 U.S.C. § 2; and under the Clayton Act of Oct. 15, 1914, c. 323, §§ 4 and 12, 38 Stat. 731 and 736; 15 U.S.C. §§ 15 and 22.

ARGUMENT AMPLIFYING THE REASONS RELIED UPON FOR THE ALLOWANCE OF THE WRIT

QUESTION 1. When the district court found two breweries have been brewing beer probably for centuries in Wurzburg, Bavaria, plaintiff's product labeled Wurzburger Hofbrau and the other brewery's labeled Wurzburg Burgerbrau, did not the district court err as a matter of law in finding that the term Wurzburger has acquired secondary meaning in the United States, even if plaintiff is the only one now sending the Wurzburger beer here?

The court of appeals herein has taken the position that the keystone of the district court's decision, the district court's finding that Wurzburger "has acquired secondary meaning" in the United States market, and distinguishes plaintiff's beer as a trademark, renders the law of *Saxlehner* v. *Wagner*, 216 U.S. 375, inapplicable. [Pages 29-30, 34, *infra*]

Petitioner, Schoenling, submits such is an erroneous view of the law and one contrary to the strong public policy favoring free competition in unpatented goods, the beer here.

The district court here found two breweries in Wurzburger, Bavaria have respectively been selling beer labeled Wurzburger Hofbrau and Wurzburger Burgerbrau in Germany for probably centuries. That finding establishes, as fact, plaintiff has no exclusive right to use of the geographical expression "Wurzburger" in connection with beers in Germany as it is public property in Germany. On such facts the law applicable here is the principle of law applied in *Saxlehner* v. *Wagner*, 216 U.S. 375 (hereinafter *Saxlehner*), at 381:

> "At the very least the . . . name has become the name for any natural water of a certain type coming from a more or less extensive district, if not from anywhere in Hungary. It does not belong to the plaintiff alone in this country, even if she is the only one now sending the water here. But if there is any well-founded doubt as to the right to use a personal trade name with proper guards against deception to signify what one is imitating where one has the right to imitate, there can be none that one is at liberty to refer to a geographical expression to signify the source of one's model. 'Hunyadi' at best is now only a geographical expression in effect."

Thus, paraphrasing *Saxlehner*, Wurzburger does not belong to plaintiff alone in this country, even if plaintiff is the only one now sending the beer here. Substantially or absolutely exclusive use cannot as a matter of law result in *de jure* "secondary meaning" nor can it result in exclusive right in plaintiff to use the word "Wurzburger" as a trademark for beer. As the word "Wurzburger" for possibly several centuries past could not belong to plaintiff alone, plaintiff at common law cannot alone be the owner of that word Wurzburger as a trademark for beer now, and Trademark Registration No. 822,509 thereof should be declared null and void as contrary to law and the district court's judgment of infringement reversed.

QUESTION 2. Did the district court err in dismissing Schoenling's counterclaim that plaintiffs both procured U.S. Trademark Registration No. 822,509 by misrepresentation and fraud upon the Patent Office and use same in bringing this litigation to Schoenling's damage as part of an attempt to in the United States monopolize the unpatented product, Wurzburger beer, whether called Wurzburger because made in Wurzburg, Bavaria or called Wurzburger Style or Wurzburger Type because made in the United States?

This question, although couched in the context of the facts here, involves legal principles of great public interest extending far beyond the limits of this particular action. The sweep of involved legal principles is pointed up if facts here are substituted for similar facts in Mr. Justice Holmes' comment in *Saxlehner, supra,* 216 U.S. 375, 380-381:

> ". . . The real intent of the plaintiff's bill it seems to us, is to extend the monopoly of such trademark or trade name as (it) may have to a monopoly of (its) type of (beer), by preventing manufacturers from telling the public in a way that will be understood what they are copying and trying to sell. But the plaintiff has no patent for the (beer), and the defendants have a right to reproduce it as nearly as they can. They have a right to tell the public what they are doing and to get whatever share then can in the popularity of the (beer) by advertising that they are trying to make the same article and think they suceed. . . . By doing so they are not trying to get the good will of the name, but the good will of the goods. . . .
>
> "The plaintiff says that no one can succeed in imitating a (Wurzburg brewery's beer). But all are free to try. . . . At the very least the . . . name has become the name for any (beer) of a certain type coming from a more or less extensive district, if not from any-

> where in (Germany) . . . . where one has the right to imitate, . . . one is at liberty to refer to a geographic expression to signify the source of one's model. (Wurzburger) at best is now only a geographical expression in effect." (Substitutions are indicated by parenthesis).

In short, the aim is to obtain in the United States market and in foreign commerce with the United States a monopoly of Wurzburger type beer made in Wurzburg and exclusion from that market of Wurzburger Type or Wurzburger Style beers made in the United States. In such a monopolistic undertaking a trademark registration of the word "Wurzburger" alone as a trademark on the Principal Register under the Act of 1946 is a double-edged sword. In "infringement" suits against American brewers it is under Section 7 (b) of the Act (15 U.S.C. § 1057b):

> ". . . prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods . . . specified in the certificate, . . .".

In regard to competing imported Wurzburger beer, Section 42 of the Act (15 U.S.C. § 1124) provides:

> "That no article of imported merchandise . . . which shall copy or simulate a trademark registered in accordance with the provisions of this Act . . . shall be admitted to entry at any customhouse of the United States; . . ."

By exclusion of such competing imported merchandise, i.e. Wurzburger Burgerbrau's Wurzburger Type Beer, a horizontal restraint of trade results. As the registration by which same is accomplished was procured by fraud upon the Patent Office which the district court belittled and ignored as discussed, *infra,* the inescapable conclusion

upon application to the facts here of the rationale and legal principles applied in *United States* v. *Topco Associates*, 405 U.S. 597, is that a *per se* violation of the Sherman Act is present here. The result of the violation is substantial legal expenses imposed by suit and injury to Schoenling's business, to be compensated under law.

Under such circumstances, Congress prudently recognized some, such as the plaintiffs here, would seek to take improper advantage of the trademark registration laws, and so, in regard to fraudulent procurement of registration of trademark, included Sections 14, 33(b) and 38 in the Trademark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946; 60 Stat. 427; amended by the Act of October 9, 1962, Public Law 772, 87th Congress, 76 Stat. 769; 15 U.S.C. §§ 1064, 1115b and 1120, which respectively provide:

Section 14,

> "A verified petition to cancel a registration of a mark . . . may . . . be filed . . . (c) at any time if . . . its registration was obtained fraudulently . . .". [15 U.S.C. 1064],

Section 33b,

> "If the right to use the registered mark has become incontestable under section 15 hereof, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 15 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:
>
> > (1) That the registration or the incontestable right to use the mark was obtained fraudulently; . . .".
>
> [15 U.S.C. § 1115b],

and

Section 38,

> "Any person who shall procure registration in the Patent Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for and damages sustained in consequence thereof." [15 U.S.C. § 1120].

However, while the statute does not define fraudulent procurement, this Court had shortly prior to its enactment decided *Precision Co.* v. *Automotive Co.*, 324 U.S. 806 (hereinafter *Precision*) wherein it defined the duties of applicants as follows at page 818:

> "Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an uncompromising duty to report to it all facts concerning possible fraud or inequitableness underlying the applications in issue. Cf. *Crites, Inc.* v. *Prudential Co.*, 322 U.S. 408, 514. This duty is not excused by reasonable doubts as to the sufficiency of the proof of the inequitable conduct nor by resort to independent legal advice. *Public interest demands that all facts relevant to such matters be submitted . . .*", [Emphasis supplied].

That language of this Court in *Precision* is of a breadth as comprehends trademark applications as well as patent applications, for trademark applications are also *ex parte* applications which pend with the Patent Office and like patent applications mature, if at all, as *prima facie* valid exclusive (monopoly) rights.

After *Precision* that Court further dealt with the matter of fraud upon the Patent Office in *Kingsland* v. *Dorsey*, 338 U.S. 318 (hereinafter *Dorsey*). Duties of attorneys for applicants were stated in *Dorsey, supra,* at 319, to be:

> "By reason of the nature of an application for patent the relationship of attorneys to the Patent Office requires the highest degree of candor and good faith. In its relation to applicants, the Office * * * must rely upon their integrity and deal with them in a spirit of trust and confidence * * *."

The district court found facts establishing fraud and the court of appeals affirmed the lower court's decision which reached a wrong conclusion because it ignored these facts, statutes and the definition of fraud on the Patent Office as contained in this Court's decisions in *Precision, supra,* and *Dorsey, supra.* Certainly, WH knew, but withheld from the Patent Office, the fact that the man who verified its application for registration 822,509 was not one of its officers, but the statute requires the written application be verified by an officer of a corporation. The facts as to the specimen labels were also known, as the label sets were applied to bottles in its brewery before shipment to the United States. The back label without the front label misrepresented the context of use of the alleged mark and denied the examiner the opportunity to judge the merit or lack of merit of the application. Similarly, when WH undertook to prove its claim that the mark had become distinctive and withheld from the Patent Office what it knew of recent use by Hampden-Harvard and the then continuing uses by West End and Wurzburger Burgerbrau as the district court found, page 31, *infra,* that was fraud on the Patent Office, as a matter of law, but the courts below ignored it. Similarly, the district court ignored, in fact refused at trial to even admit into evidence, Defendant's Exhibit No. 109, page 47, *infra,* the U.S. Treasury's July, 1962 administrative action by the Acting Director, Alcohol and Tobacco Tax Division, I.R.S., U.S. Treasury Department refusing WH-OBI's request that the word "Wurzburger" be deleted from the malt beverage labeling

regulation 27 C.F.R. § 7.24 (e), page 7., *supra*. Withholding of that letter from the Patent Office while arguing that the regulation relied upon by the Examiner should be ignored as old because it was so viewed in *Anheuser-Busch Inc.* v. *Bavarian Brewing Company*, 264 F.2d 88 (hereinafter *Bavarian*), did not constitute discharge of the uncompromising duty to report to the Patent Office all facts concerning possible fraud or inequitableness underlying the application in issue, stated in *Precision*, page 17, *supra*, particularly, that duty as to issues of fact material to the truth or falsity of the claim of distinctiveness.

CONCLUSION

Grant of Writ of Certiorari is respectfully solicited in order that the opinions and judgment of the courts below may be reversed as contrary to law and contrary to strong public policy in favor of free competition in unpatented merchandise, that the lower courts may be appropriately instructed, and that the defendant may have relief to which it is entitled.

Disapproval of *Anheuser-Busch, Inc.* v. *Bavarian Brewing Company*, 264 F.2d 88 (C.A. 6, 1959), might also be appropriate as that opinion encourages restraints of trade by would be monopolists and is inconsistent with *Saxlehner*, *supra*.

Respectfully submitted,

ROY F. SCHAEPERKLAUS
1710 First National Bank Bldg.
Cincinnati, Ohio 45202

Of Counsel:

JAMES W. PEARCE
Pearce & Schaeperklaus
1710 First National Bank Bldg.
Cincinnati, Ohio 45202

APPENDIX A

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF OHIO WESTERN DIVISION

WURZBURGER HOFBRAU AKTIENGESELLSCHAFT, et al.,

Plaintiffs,

vs.

SCHOENLING BREWING CO., INC.,

Defendant.

Civil Action No. 6411

Filed March 12, 1971.

DECISION

This is a trademark infringement action and an unfair competition action (which arises in connection with an infringement action of substance; for that reason and for the further reason that diversity and amount in controversy are present and involved, this Court has jurisdiction).

There are two plaintiffs. The first, Wurzburger Hofbrau A. G. (hereinafter "WH"), is a German corporation which produces beer at its brewery in Wurzburg, Bavaria. For many years the distribution of its product has included export to the United States. The other plaintiff, Original

Beer Importing & Distributing Co., Inc. (hereinafter "OBI"), a New York corporation, is and has been, at least for the past 20 years, the exclusive United States importer of the beer of the German plaintiff. Unless the context requires more specificality, the two will be referred to as a unitary plaintiff.

The defendant Schoenling Brewing Co. is an Ohio corporation. Its brewery is in Cincinnati, Ohio, and its product is and has been for many years delivered principally in the Ohio-Kentucky-Indiana circle.

In 1933, the plaintiff obtained and in 1953 renewed, on the Principal Register, United States Trademark 308,999. It consisted of a design which included a castle, a star, a crown and the words, "Wurzburger Hofbrau." The character of the lettering was more English than German, although the German umlaut was present. The registration specifically disclaimed the words, "Wurzburger Hofbrau" except in association with the other features of the mark. The registration was "for beer."

Section 6 of the Lanham Act specifically provides:

> "No disclaimer * * * shall prejudice or affect the the registrant's rights * * * thereafter arising in the disclaimed matter, or his right of registration on another application if the disclaimed matter be or shall have become distinctive of his goods or services."

While the first trademark appears in this case as a matter of pleading, it is really not involved since there is no question that the defendant has not infringed upon it.

In 1960, the plaintiff registered, again on the Principal Register, the trademark "Wurzburger Hofbrau." The date of the registration is March 16, 1960, and the number is 694,650. Again the registration was "for beer." The lettering characteristics were distinctly German, again including the umlaut in the two appropriate places over the

first "u" in Wurzburger and over the "a" in Hofbrau. While, as we shall see, the defendant has used the word "Wurzburger" in its labeling and advertising, it has never used the word "Hofbrau."

In 1964 the plaintiff applied to the Patent Office for a registration of the trademark "Wurzburger" (in German characters and with the umlaut). The mark was finally registered in January of 1967 on the Principal Register for beer. In the application it was stated that this trademark was first used as early as 1858 in association with the term "Hofbrau"; that it had been used in foreign commerce with the United States in that association since 1887; and that it had been used alone as trademark in commerce with and in the United States since May of 1961. Since, beginning in approximately 1962, the defendant has used the words "Old Wurzburger" (in German characters and also with the umlaut) in its labeling and advertising, this third trademark is certainly and most directly involved in the infringement portion of this case.

Wurzburger is, of course, a town in Bavaria. There are two breweries there which have been brewing beer for probably centuries. The beer of the plaintiff brewery has always been labeled "Wurzburger Hofbrau," insofar as German domestic consumption is concerned; and until the middle 60's, those words have always appeared both on the labels and on the product distributed in this country. The other Wurzburger brewery is known as "Wurzburger Burgerbrau A.G." and its product is known and labeled as "Wurzburger Burgerbrau." At one time that company obtained a trademark in the United States—"Wurzburger Burgerbrau"—and there is some suggestion in this record that at one time its product was imported into and distributed in the United States. If there was any distribution, it was too insignificant to be of any consequence here.

Except during the war periods and prohibition, Wurzburger Hofbrau beer has been imported into and sold in various of the United States in substantial quantities for close to 100 years. Of recent years it has been marketed in some 38 states through distributors or representatives of the plaintiff. Sales since 1950 under the second and third trademarks, i.e., "Wurzburger Hofbrau" and "Wurzburger" have totaled about $25 million. While in 1950 these sales amounted to a gross of something in the neighborhood of $110,000.00, by 1960 the gross exceeded one and a half million dollars. Through the period the plaintiff's advertisings of its product under either of the names have included, of course, not only the advertising obtained from its own labeling and package markings, but also various point of sale items—such as one normally sees in connection with beer in restaurants, bars, etc. (neon signs, table markers, menus, etc.). In addition, there has been advertising of the product in a number of newspapers and magazines, some of which have national distribution. As of 1962, there is no question that the plaintiff had invested a substantial amount [1] in the name "Wurzburger" and/or the name "Wurzburger Hofbrau" and that either of those names was, in the mind of the beer consuming public, associated with the product of the plaintiff. At least at the time of the commencement of the actions of the defendant complained of in this case, the defendant had no investment whatever in the name "Wurzburger."

The plaintiff's beer is known for its quality. It is one of the four or five better selling foreign imports. As a rule of thumb, all foreign beer imports in the United States represents only about .7% of consumption. To whatever

[1] In the past 20 years, plaintiffs have expended between $1,500,000 and $2,000,000 in advertising, in all forms, "Wurzburger Hofbrau" and "Wurzburger" beer.

import geography rises in this case, the fact is that all of the plaintiff's beer which has been distributed in the United States has been made or brewed in Wurzburg. The Bavarian laws regulating beer production require the use of certain described ingredients in exclusivity and regulate at least a certain part of the brewing process. United States requirements, state and/or federal, are not as stringent. Beers imported from Bavaria or West Germony are preferred by a substantial number of consumers in the United States and that is true whether the beers be brewed in Munich or Wurzburg, or where have you. These German beers, including those of the plaintiff, have consistently sold at a price in excess of the price for domestic beers.

One thing this case does not have particular concern with is Wurzburger, from either a geographic or a characteristic or generic point of view prior to World War I. Evidently prior to that time not only was the plaintiff's product distributed in the United States, but in this, that or the other various portions of the United States various domesic brewers used the word "Wurzburger" in labeling their product either in whole or in part. In fact, around the turn of the century someone wrote a song under the title of, "Down Where the Wurzburger Flows." Whatever the word signified in American usage before the First War and prohibition probably was reflected to some extent in an action of the United States Federal labeling authority (The Alcohol Tax Unit) taken shortly after repeal. The A.T.U. was interested in promulgating some general regulations governing labeling to prevent confusion or misleading labeling. The regulation then promulgated, which has remained in force to this day, is 27 C.F.R. 7.24 (e), which provides:

> "Geographical names for distinctive types of malt beverages (other than names found by the Director

under paragraph (f) of this section to have become generic) shall not be applied to malt beverages produced in any place other than the particular region indicated by the name unless (1) in direct conjunction with the name there appears the word 'type' or the word 'American,' or some other statement indicating the true place of production in lettering substantially as conspicuous as such name, and (2) the malt beverages to which the name is applied conform to the type so designated. The following are examples of distinctive types of beer with geographical names that have not become generic: Dortmund, Dortmunder, Vienna, Wein, Weiner, Bavarian, Munich, Muncher, Salvator, Kulmbacher, Wurtzburger, Pilsen; Provided, that notwithstanding the foregoing provisions of this section, beer which is produced in the United States may be designated as 'Pilsen,' 'Pilsener,' or 'Pilsner' without further modification, if it conforms to such type."

One of the contentions of the defendant in this case is that this regulation demonstrates that "Wurzburger" is simply a geographical name for a distinctive type of malt beverage—the contention being that the descriptive name of a thing and/or a geographical name may not be the proper subject of a trademark. In fact, the defendant goes further and claims that the literacy of the A.T.U. in a labeling regulation is binding on a court in an infringement case.

At the times of interest here, the plaintiff distributed about $15,000 worth of its product in a year in the area in which Schoenling beer is distributed.

In the middle 50's Schoenling began experimenting with an intention of developing and marketing a product intended to be heavier and darker than regular lager (American) beer, but similar in appearance to Central European beers. Two things happened close enough to 1960 to consider as concomitant. One of them is that "Wurzburger

Hofbrau" (with or without the umlaut) is an awfully long name for the a la '60 American public. As a consequence, the American consumer had begun to shorten it to "Wurzburger." In recognition of that bars and restaurants did the same shortening on their menus. Insofar as this record is concerned, there is not much doubt that, with the possible exception of a small area in Pennsylvania and the more probable exception of approximately 1/10th of the Florida East Coast Golden Strip and a small locality in Massachusetts, the word "Wurzburger"—used by a member of the American consuming public in connection with beer or used by the dispensing public—meant "Wurzburger Hofbrau," i.e., that beer produced in Wurzburg, Germany. In recognition of that, the plaintiff at about that time, i.e., 1960, shortened one of its bottle labels. The front label was still in the long form. The back label prominently identified the content simply as "Wurzburger."

The total sales figures of the plaintiff, as well as the advertising figures, are small compared to even a large local brewery; however, it must be remembered that the "consuming public" vis-a-vis imports is smaller than the consuming public vis-a-vis domestic premiums and very, very small compared to the aggregate of the domestic non-premiums. One of the cogent reasons for that is price—the imported beer to the consumer bought at a retail establishment is just about double what a domestic local beer is, with the domestic premium being much closer in price to the local than the imported. To take one specific example which is representative—the cost of the domestic local item would be 45 cents, the premium 55 cents and the import 85 cents. In this light, the plaintiff's efforts in the development of knowledge of its product—salewise and advertisingwise—has been substantial. On this record, and at least prior to 1962, no one else had any substantial investment cost at all in the development of sales for any kind

of Wurzburger beer that carried over to that time; also on this record—both before and after 1960—no one else (other than the plaintiff) ever has had any substantial history of selling any beer made in Wurzburg, nor has anyone expended a dime to promote the sale of any beer made in that town.

In 1967, when the third trademark was obtained, the plaintiff dropped the word "Hofbrau" from its front label so that since that time it has advertised and distributed its beer only as Wurzburger. This action in point of time about coincided with the commencement of this lawsuit.

By the early 1960's, the defendant had developed the beer which it wanted to develop and on which it began to experiment in the middle 50's. It then attacked the problem of giving it a name. The name finally determined upon was, of course, "Old Wurzburger"—spelled in German style letters, including the umlaut. It is of some import to note that the defendant did not set out to develop any particular type of beer as a new product—it set out simply to develop a beer which could be sold for some higher price than its domestic production and which would have some of the characteristics of imported beer. Another way of saying it is that it started out to develop a beer which could be described as styled after an import. The brewmaster who did the developing suggested the names that could be used for the new beer. He suggested not only "Wurzburger," but also "Munchner," "Kulmbacher," and "Bavarian." A great deal of this record is occupied with evidence pro and con on the question whether "Wurzburger" beer is a distinctive type of beer—the defense claim being that it is and that therefore that name is merely descriptive of the article and cannot be trademarked. In this Court's view, any question connected therewith remains, on this record, simply abstract or ideological. That same item of evidence disposes, if any disposition be needed,

of the applicability of the Alcohol Tax Unit regulation. Whatever may have been the fact situation before the First War or after Repeal, the defendant's action, through its brewmaster, speaks pretty loudly to the effect that there is no such thing, as such, as a "Wurzburger" kind or class or type of beer. If it were, how could one item fall into all of the various classifications described in the A.T.U. regulation as "distinctive types." 1933—perhaps yes; 1960—on this record, no.

It is a fact finding of this Court that, on this record, the word "Wurzburger," in connection with beer, does not mean a distinctive type of beer, i.e., a beer different from "Dortmund," or "Dortmunder," or "Bavarian," or "Munich," etc.

Having developed the new product and named it, the defendant began to distribute it in the Southwestern Ohio and Northern Kentucky and adjacent areas. The distribution involved labeling, of course, and the general labeling and advertising of the defendant was of "Old Wurzburger type beer." The "Old" and the "Wurzburger" were in German lettering. The "type" and the "beer" were in English lettering about half as big as "Wurzburger." On the labels and the advertising, in lettering that would strain the reader's eyes, appeared "The Schoenling Brewing Company"; the address "Cincinnati, Ohio" was reminiscent of the last line in the oculist's office. The defendant at the time was familiar with the existence of plaintiff's product and its method of advertising. It [2] was designed to permit the retail purveyor to give an impression of the distribution of an imported product called "Wurzburger." And this the retail purveyors did. Menus were used in various retail establishments in the area which simply referred to the availability of "Wurzburger" under the general heading

[2] i.e., the defendant's labeling and advertising

of beer. In some places the item served was the import and in other places the item served was the defendant's product. It did in fact cause confusion. To take an extreme case—the defendant's product was limited to draft beer; the plaintiff's included both draft and bottled. In one establishment if you asked for "Wurzburger" draft, you got the defendant's product; and if you asked for "Wurzburger" bottled, you got the plaintiff's product. While the defendant's product cost only about 60 cents a barrel more to produce than its ordinary beer, it obtained a price from the retailer or distributor of several dollars higher. This left the barrel price of the defendant's product considerably less than the price of the plaintiff's, as a result of which the plaintiff lost several of its dealers in the area because of the inability to meet the price competition.

The second and third registrations were based on Section 2 (f) of the Trademark Act of 1946 (15 U.S.C. § 1052 (f)) on a showing and a finding by the Patent Office that the trademarks had become distinctive as applied to plaintiff's goods in commerce. The plaintiff's use of the word "Wurzburger" as its trademark for beer sold in the United States has been substantially exclusive since 1946. There have been occasional uses of that word in conjunction with type or style. They have been minor and/or of a local nature and for the most part ceased prior to 1946 except as noted below.

On this record, the word "Wurzburger" has not been used at any time in the defendant's market area for beer other than by the parties to this case. At the present time there is only one current use of the word in any other part of the country.

The marks "Wurzburger" and "Wurzburger Hofbrau" have acquired a secondary meaning in the United States and in the Cincinnati marketing area— identifying the product of the plaintiff. In the mind of the consumer of

the imported beer, the words "Wurzburger" and "Wurzburger Hofbrau" mean the product of the plaintiff. The plaintiff historically has and still does make beers which look different at least. One of its beers is called a light beer, another is called a dark beer; there is a product called October beer; in addition, there is a Bock beer. The defendant's "Old Wurzburger" beer is brewed differently and with different ingredients than beers which have originated in Wurzburg, Germany.

The defendant has raised a number of technical objections to the registration proceedings involved in one or the other of the marks (e.g., the application was signed by a person not authorized under German law; the submitted labels were defective) and has also, both defensewise and counterclaimwise, raised the issue of whether or not the marks, or one or the other of them, were not obtained by fraud. The technical objections are without merit. Some of the fraud objections are likewise without merit. For instance, it is claimed that the applicant did not inform the Patent Office examiner that there were two breweries in Wurzburg; did not inform the examiner that the A.T.U. had acted on the subject in the early 30's, etc. Since these items and others like them were known to the examiner, as revealed in the file wrapper itself, no fact finding is required with respect to them. There is only one fraud item which need be spelled out. Both the second and third marks were issued under 2(f) (15 U.S.C. 1052) which permits the registration of either a "merely descriptive" or "geographically descriptive" mark if, by reason of its use by the applicant it has "become distinctive of the applicant's use in commerce." The section then continues:

> ". . . The Commissioner may accept as prima facie evidence that the mark has become distinctive as applied to the appellant's goods in commerce, proof of substantially exclusive and continuous use thereof

> as a mark by the applicant in commerce for the five years next preceding the date of the filing of the application for its registration."

In 1960, a brewery in Massachusetts, Hampden-Harvard, was making a "Wurzburger" type beer. In October of 1960, the plaintiff demanded that this brewery discontinue the use of that word and the brewery decided to do so and did cease the use. The reason given was that it could not economically afford to get into a fight about it. Again in 1961, the plaintiff discovered that the West End Brewery of Utica, New York, was marketing a beer under the label "Utica Club Wurzburger type beer." Insofar as this record is concerned, the market was limited to Southeast Florida. The plaintiff, in 1961, demanded that West End cease using the Wurzburger name. The demand was not successful and it is a fair inference that the plaintiff knew that West End had not stopped. In 1964 and thereafter, while the plaintiff was prosecuting the application for the third mark, it represented that its use of the word was exclusive and failed to inform the Patent Office of either the Hampden-Harvard matter or the West End matter or the status of either.

There is no showing in this record that the plaintiffs have in any way combined with themselves or others to obtain any monopoly or to violate any of the antitrust laws. The defendant has made no effort to import beer from anyplace and on this record no one has ever made any effort in the past 25 years to import any beer from Wurzburg.

The sole evidence adduced by the defendant relative to any antitrust activity on the part of the plaintiffs is that the plaintiffs have, of recent years, threatened litigation against the only three entities who (in the last 25 years) have endeavored to use the word "Wurzburger" in connection with marketing beer.

The law questions in this case have been substantially put to rest in this Circuit by *Anheuser-Busch* v. *Bavarian Brewing Co.*, 264 F.2d 88 (6th, 1959). That case involved the Lanham Act, a contention that Bavarian's registration was invalid because of fraud, etc. Bavarian's distributing area was the same area as is Schoenling's here. Anheuser-Busch did not compete in that territory, but contemplated doing so. The plaintiff brought suit alleging itself to be the owner of the registered mark "Bavarian's," charging the defendant with proposed trademark infringement and unfair competition. As in this case, the defendant's counterclaim urged cancellation of the mark, raising the descriptive and geographical objections, and fraud in obtaining the mark. The Court pointed out that over a span of about 20 years Bavarian had used that name exclusively for its product in the area involved, labeled its beer with the name "Bavarian's" and further that it had registered the mark under the trademark laws. Except from a point of view of amount or degree, the case corresponds with this one from the point of view of sales and advertising over a long period of time. The Court said:

> "The principal defense is that the term 'Bavarian' is only descriptive of a type of beer and, so, not entitled to trademark protection. The plaintiff relies upon the Lanham Act and evidence that it had developed a secondary meaning for its mark by reason of its use thereof continuously since 1946. * * * It is sufficient to say that the Bavarian Company was able to satisfy the Patent Office that it had title to the marks under the law of the States which comprised its distribution area. Registration is prima-facie evidence of ownership and we must accept it, unless we find it necessary to decree the cancellation of the mark upon the ground that it was obtained by fraud, that Bavarian is not entitled to its sole use upon the principle of estoppel, or that the evidence discloses it to be a term merely

descriptive without secondary meaning as to the source of the product, so labeled, in its distribution area.

"It may well be conceded that the term 'Bavarian,' or 'Bavarian's,' are descriptive of a type or style of beer in other territory, and that it had such single connotation in earlier stages of the industry. This does not decide, however, whether the product of the plaintiff, by long usage and acceptance by the public in its own field, has acquired a secondary meaning indicating its source. * * *

"It is to be observed that the plaintiff has used the label 'Bavarian's' for many years, more than the minimum required by the above Section (2) (f)) * * *. To this must be added evidence of a survey which showed that 7/11ths of 1000 people interviewed related the term 'Bavarian' to beer made in the Cincinnati area * * *."

Parenthetically, the evidence in this case is uncontradicted that, to purveyors of beer and consumers of beer, the word "Wurzburger" associated with beer means the product of the plaintiff.

To return to the Bavarian opinion—

"The defendant challenged this proof by the testimony of persons in the brewing industry to the effect that 'Bavarian' meant a type or style of beer but we are mainly concerned here with what the term means to consumers of beer * * * Since the trial Judge concluded that plaintiff had shown secondary meaning on the basis of substantial evidence, we may not set it aside as clearly erroneous. * * *

"* * * the injunction herein may be valid when a secondary meaning has been acquired by the plaintiff for its product under Federal law * * *

"The defendant's contention is that there was fraud in the alleged affidavits used by the plaintiff, in proof of distinctiveness, or secondary meaning, * * * Fraud is not lightly to be presumed and we agree with the trial Court that the facts do not constitute fraud. A second claim of fraud rests on proof that the plaintiff's

secretary made a knowingly false affidavit to the Patent Office to the effect that no other person, firm, corporation, or association, to the best of his knowledge or belief, has the right to use a trademark in commerce which may lawfully be regulated by Congress, either in the identical form thereof or in such near resemblance thereto as might be calculated to deceive, when he knew Mount Carbon Brewery of Pottsville, Pa., used the label 'Bavarian Style Premium Beer.' We believe it to be a fair inference from the evidence that plaintiff's secretary swore to the Patent Office that no one else uses the term 'Bavarian' as a mark. • • • Whatever may have been the circumstances in which Mount Carbon Brewery used the Bavarian label, it has no bearing upon the existence or absence of a secondary meaning in the limited market area of the plaintiff.

"• • • Rights under Section 2 (f) of the Lanham Act could be acquired since 1946, and the conclusion that such rights had been acquired by the plaintiff since 1946 is inescapable. There is substantial evidence that in the plaintiff's distributing area 'Bavarian' is distinctive of plaintiff's product.

• • •

"The Lanham Act creating rights acquired by secondary meaning marks appears to leave a wide discretion in the courts in determining what is fair competition. In areas where there has been no showing that plaintiff has achieved a secondary meaning for the term 'Bavarian' and so is not likely to cause confusion, it may be used fairly by others. • • • With regard to registered secondary meaning, the Act is sufficiently broad to protect a mark which had acquired a secondary meaning in the users market. • • •"

And so, in this case, there is no contradiction in this record that the Cincinnati marketing area, a la 1962, "Wurzburger" in connection with beer had acquired a secondary meaning in the mind of the consuming public and meant the plaintiff's product.

15 U. S. C. § 1057 (b) provides:

> "A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registration, registrant's ownership of the mark and of registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certification."

The presumption of validity has been held to be a strong one. In *Aluminum Fabricating Co.* v. *Season-All Corp.*, 259 F.2d 314 (2nd, 1958), the Court said:

> ". . . Congress made it clear that weight should be accorded to the actions of the Patent Office. • • • 15 U.S.C. § 1057 means not only that the burden of going forward is upon the contestant of the registration but that there is a strong presumption of validity so that the party claiming invalidity has the burden of proof and in order to prevail it must put something more into the scales than the registrant. • • •
>
> "• • • It may well be that the many differing and irreconcilable views of the courts was one of the reasons which impelled Congress to write into the 1946 Act the presumption of validity from registration. At any rate nothing could be clearer than the fact that prior decisions were of little help, and that there was a need to give to the imprimatur of the Patent Office some real value."

The Sixth Circuit has not passed on the burden of proof question. The sole District Court in this Circuit to consider it followed the Second Circuit. See *Tigrett Industries* v. *Top Value Enterprises*, 217 F.Supp. 313, (Tenn., 1963). Whether the defendant's burden be one of proof or of counteracting a presumption, the defendant simply did not satisfy either. While there was evidence of the existence of the word "Wurzburger" in a great many trademarks mainly concerning other products, there was no evidence at

all of any user of such other marks—certainly none at all of any user in the defendant's marketing area. Even assuming that the substantial exclusivity language of 2 (f), when coupled with such cases as *Precision Instrument Mfg. Co.* v. *Automotive*, 324 U.S. 806 (1945); *Schwartz* v. *F.T.C.*, 289 F.2d 665 (3rd. 1961); and *Walker* v. *Food Machinery*, 382 U.S. 172 (1965) would require an applicant in a 2 (f) proceeding to make some disclosures of the use by other persons; nonetheless the specific requirement of the statute (15 U.S.C. 1051) is not a disclosure of use, but a disclosure of use by those having "the right to use" and more importantly (a) with respect to the Massachusetts Brewery—the use had stopped, and (b) with respect to West End—the actual use was considerably different. West End was not purporting to be producing "Wurzburger" beer, nor was it in any way representing that the beer which it was selling was imported. West End, in its labeling, held out to the public that it was selling not Wurzburger beer but Utica Club beer and that was in the biggest print —in somewhat smaller print the product was described as a Wurzburger style of beer. And finally, the labeling stated clearly that the product had been brewed by the West End Brewing Company at Utica, New York. The Utica Club label was quite consistent with the statement that somebody else is making the real thing and we are making an imitation.

This Court is not setting out to decide any litigation which may occur between Utica and the plaintiff. This Court is confronted merely with a question of whether or not the failure to disclose the Utica Club use of the word "Wurzburger" to the Patent Office amounted to a fraud. In that sense the Utica Club matter was insubstantial and immaterial; so was the plaintiff's failure to disclose the uses of the word by other breweries and the uses of the word by producers of other products. There was a

substantial amount of that type of evidence in the Bavarian case, as one gathers from reading the briefs in it. Substantial exclusivity is a relative term. It is true that a mark cannot become distinctive of the goods of one seller in a particular area if the same mark is being used by others in the same location to such an extent that the public is as likely to associate the mark with other sellers as with the party claiming distinctiveness. Certainly one hundred percent exclusivity is not required. Nor does the search extend to other marketing areas, earlier years or noncompeting goods. See *Anheuser-Busch*, supra; *Atlas* v. *Atlas*, 360 F.2d 16 (6th, 1966); *National Lead* v. *Wolfe*, 223 F.2d 195 (9th, 1955); *Fleischmann* v. *Maier*, 314 F.2d 149 (9th, 1963).

Each of the second and third marks (694,650 in 1960 for "Wurzburger Hofbrau" and 822,509 in 1967 for "Wurzburger") is a valid mark as applied to beer. Whatever the name "Wurzburger" meant in the brewing industry prior to 1936, at least by 1960 the word, insofar as the plaintiff's product was concerned, had acquired a secondary meaning —being the beer product of the plaintiff. Each mark was infringed upon by the actions of the defendant subsequent to 1962. In addition, the defendant must be held responsible not only for its own action in relation to the name or mark, but also for the action of its retailers. It was quite foreseeable that retailers would use the product in an infringing manner, as many did. In the language of *Stix Products* v. *United Merchants*, 295 F.Supp. 479, (New York, 1968), defendant "supplied the ammunition to the retailers; the retailers fired the shots."

Under the common law of Ohio, one acquires a common law mark via the substantial use of a name for a product in a given area. If that substantial use is followed by another's use of a name so similar that confusion in identity might result, it is unfair competition and the appropriate subject

of an injunction—the question of import in Ohio is one of substantiality of use by a plaintiff of a given name to the extent that the use of that name by another person associates the product or services of the other person with the plaintiff. Ohio has a policy against "reaping where one has not sown." And in proper cases the Ohio courts grant an injunction to the rightful user of a trade name—even if the trader is in a non-competing field. See *Bank* v. *Cleaning Co.*, 174 Ohio St. 510 (1963).

By virtue of its at least ten years' use in exclusivity in the Cincinnati area of the names involved in the second and third marks, the plaintiff had acquired a common law right in such names in connection with beer, which common law rights have been infringed by the defendant.

At least in this Circuit, the Alcohol Tax Unit regulation is not only not determinative, but is more historical than anything else. As we have noted, this regulation dealt with the word "Bavarian" as well as with the word "Wurzburger" and placed each word in the same category as of the 1930's of "geographical—non-generic." In the *Bavarian* case, the argument made by the defendant in this case, based on that regulation, was made both in the trial court and in the Court of Appeals. In fact, in the Court of Appeals (in the appellant's brief, pages 29, et seq. and pages 15, et seq.) the exact arguments of the defendant in this case (based on that regulation, as well as on the pre-Second War usage of the geographical word used and trade marked years after that war) were made and rejected. The rejection with respect to the geographical "Bavarian" would appear binding with respect to the geographical "Wurzburger."

Unless defendant is enjoined and restrained, it will continue the infringing practices described, which have caused irreparable damage to a plaintiff without adequate remedy at law.

The defendant has failed to overcome the presumptions

of validity with respect to the second and third marks and, in addition, has failed to sustain the burden of proof of its counterclaims seeking declaratory judgments, damages under the antitrust laws, etc.

The plaintiffs are entitled to a judgment upon the first count of the complaint (i.e., trademark infringement and unfair competition) with respect to the names and marks "Wurzburger Hofbrau" and "Wurzburger."

It is unnecessary to decide and this Court does not arrive at any conclusion with respect to the second count based on 15 U.S.C. 1125 (a) (false designations of origin). The counterclaims of the defendant are dismissed and plaintiff is entitled to a judgment thereon and also on the first count of the complaint. A permanent injunction will be entered restraining defendant from using the mark and/or word "Wurzburger" in connection with any beer product. It is found that there is no such thing of recent years as a "Wurzburger" style or type of beer. There are beers produced in Wurzburg. On this record they are not sufficiently different from other "Bavarian" beers to constitute a separate type or style.

This case will require another hearing on the matter of accounting and defendant's profits and plaintiff's damages, in accordance with 15 U.S.C. 1117. Pending that hearing, the defendant may be enjoined as indicated and the plaintiff may prepare and present such an order, which will be stayed, pending entry of final judgment in this cause, upon the defendant's application therefor and giving bond in such amount as the Court may determine upon such an application being filed. (The bond to cover, of course, only such damages as may be incurred after the date thereof by reason of the stay.)

/s/ TIMOTHY S. HOGAN
United States District Judge

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

Civil Action No. 6411

WURZBURGER HOFBRAU
AKTIENGESELLSCHAFT, et al.,
et al.,

Plaintiffs,

vs.

SCHOENLING BREWING CO., INC.,

Defendant.

ORDER

(Filed March 24, 1971)

The Decision of the Court, including therein its Findings of Fact and Conclusions of Law, having been filed March 12, 1971, in accordance therewith it is Ordered, Adjudged and Decreed as follows:

1. That defendant, its officers, agents, employees and others under the control or direction of defendant be and hereby are enjoined from further use of the word "Wurzburger" or any colorable variation thereof, in any manner in advertising or sale of defendant's beer or other alcoholic malt beverages of defendant.

2. That defendant be and hereby is ordered to remove or cause the removal of all tap handles, bung covers, sales and advertising materials bearing the word "Wurzburger", which defendant has furnished to its customers or distributors and retained title thereto and to make reasonable ef-

forts to obtain voluntary removal from commercial use of all other such materials within 7 days of the entry of this Order. Pending final judgment in this cause, these items, together with all similar materials bearing the word "Wurzburger" for like use by defendant and within defendant's possession or control shall be destroyed or stored by defendant. If these materials are not destroyed, no commercial use or display shall be made of them in advertising or sale of defendant's beer unless first modified by removal of the word "Wurzburger" therefrom. Defendant shall furnish an affidavit to counsel for plaintiffs attesting to compliance herewith and such affidavit shall identify any customers or distributors who have refused to cease commercial use of the above described materials. Materials in the possession of defendant's counsel for use in this cause are exempt from this paragraph.

3. That defendant's counterclaims be and hereby are dismissed.

4. That plaintiffs recover their costs taxable according to law.

5. That an accounting to determine the amount of monetary damages recoverable by plaintiffs from defendant, including defendant's profits, shall be set on further notice by the Court.

/s/ TIMOTHY S. HOGAN
United States District Court

/s/ LAWRENCE R. ELLEMAN
Thomas S. Calder and
Lawrence R. Elleman
Attorneys for Plaintiff

/s/ ROY F. SCHAEPERKLAUS
Roy F. Schaeperklaus
Attorney for Defendant

UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

No. 71-1861

WURZBURGER HOFBRAU AKTIENGESELLSCHAFT, a German Joint Stock Company; ORIGINAL BEER IMPORTING & DISTILLING CO., INC., a New York Corporation,
Plaintiffs-Appellees,

vs.

SCHOENLING BREWING CO., INC., an Ohio Corporation,
Defendant-Appellant.

ORDER

(Filed July 12, 1972)

Before: WEICK and MILLER, Circuit Judges, and TUTTLE,* Senior Circuit Judge.

This is an action instituted by the plaintiffs against Schoenling Brewing Co., Inc. for trademark infringement and unfair competition. The action is predicated upon plaintiff Wurzburger Hofbrau's contention that it has registered trademarks as well as a common law trademark for the names "Wurzburger" and "Wurzburger Hofbrau" in connection with its beer product.

The district court found that the said plaintiff had such registered trademarks and that these names had acquired

*Honorable Elbert P. Tuttle, former Chief Judge of the United States Court of Appeals for the Fifth Circuit, sitting by designation.

a secondary meaning within the United States and in the Cincinnati marketing area. It was further found that the defendant was guilty of infringement of such trademarks by the use of the name "Old Wurzburger." In conformity with these conclusions, the Court entered its order enjoining defendant from the further use of the word "Wurzburger" or any colorable variation thereof in any manner in the advertisement or sale of its beer or other alcoholic malt beverages, and requiring it to remove such name from all tap handles, bung covers, or any sales and advertising materials.

The Court has fully considered the contentions of the defendant on appeal and is of the opinion that they are without merit.

It is accordingly ORDERED and ADJUDGED that the district court's order of March 24, 1971 be and the same is hereby in all respects affirmed for the reasons set forth in the district court's opinion of March 12, 1971. The action is remanded to the district court for an accounting in accordance with numbered paragraph five of that court's order of March 24, 1971.

ENTERED BY ORDER OF THE COURT.

/s/ JAMES A. HIGGINS
Clerk

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

No. 71-1861

WURZBURGER HOFBRAU A/G et al.,
Plaintiffs-Appellees,

vs.

SCHOENLING BREWING CO., INC.,
Defendant-Appellant.

ORDER

(Filed August 24, 1972)

Before: WEICK and MILLER, Circuit Judges, and TUTTLE,* Senior Circuit Judge.

In this action the appellant has filed a petition for rehearing.

After careful consideration of the petition, the Court is of the opinion that it is without merit.

It is therefore ORDERED that the said petition be and the same is hereby overruled.

ENTERED BY ORDER OF THE COURT.

/s/ JAMES A. HIGGINS
Clerk

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* The Honorable Elbert P. Tuttle, Senior Circuit Judge for the Fifth Circuit, sitting by designation.

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

No. 71-1861

WURZBURGER HOFBRAU AKTIENGESELLSCHAFT, a German Joint Stock Company; ORIGINAL BEER IMPORTING & DISTILLING CO., INC., a New York Corporation,
Plaintiffs-Appellees,

vs.

SCHOENLING BREWING CO., INC., an Ohio Corporation,
Defendant-Appellant.

ORDER

(Filed September 19, 1972)

Before: WEICK and MILLER, Circuit Judges, and TUTTLE,* Senior Circuit Judge.

In this action the Court entered its order on July 12, 1972, affirming the judgment of the district court on the basis of its detailed opinion of March 12, 1971. The action was remanded to the district court for further proceedings relative to an accounting. On August 9, 1972, the defendant, Schoenling Brewing Company, Inc., filed a petition for rehearing. Although this petition was not filed within the fourteen day period required by Rule 40 of the Federal Rules of Appellate Procedure, it was nevertheless

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* Honorable Elbert P. Tuttle, former Chief Judge of the United States Court of Appeals for the Fifth Circuit, sitting by designation.

fully considred by the Court on its merits and denied by an order entered on August 23, 1972.

We now have before us a petition filed by the defendant on September 5, 1972, to reconsider our action denying its petition for rehearing. Such request is based almost entirely upon the argument that our ruling and that of the district court are in conflict with the holding of the Supreme Court of the United States in *Saxlehner* v. *Wagner*, 216 U.S. 375 (1910).

We have carefully examined the *Saxlehner* opinion and we find that defendant's reliance upon it is misplaced, in view of the clear findings of the district court, supported by substantial evidence, that by long usage in the Cincinnati area of the names involved in the second and third marks, plaintiff had acquired common law rights therein in connection with beer. There is no support for the defendant's position that the district court's opinion shows that Wurzburger is at best a geographic expression. We find the request for reconsideration to be without merit and adhere to our prior ruling that the district court's order should be affirmed on the basis of its exhaustive opinion of March 12, 1971.

It is therefore ORDERED that the request for reconsideration be and the same is hereby denied.

ENTERED BY ORDER OF THE COURT.

/s/ JAMES A. HIGGINS
Clerk

APPENDIX B

U. S. TREASURY DEPARTMENT

Internal Revenue Service
Washington 25, D. C.

(SEAL)

In reply refer to
CP:AT:B:RCJ

Mr. Peter Heidenberger
Attorney at Law
International Building
1319 F Street, N. W.
Washington 4, D. C.

July 9, 1962

Dear Mr. Heidenberger:

This is in reply to your letter of June 6, 1962, on behalf of Wurzburger Hofbrau Brewery, Wurzburg, Germany, and the Original Beer Importing and Distributing Company, New York City, with reference to the provisions of the Federal malt beverage labeling regulations (27 CFR 7.24 (e)), in which "Wurzburger" is cited as an example of a geographic name of a distinctive type of beer.

The provisions of the regulation in question are the same as when they were first promulgated by the Federal Alcohol Administration on November 19, 1936, following a public hearing on January 7, 1936. The record of this hearing discloses that Mr. George O. Castell, representing the Original Pilsner Beer Importing Company (now the Original Beer Importing and Distributing Co., Inc.), and the Pilsner Urquell Importing Co., attended the hearing and submitted briefs with reference to the use of the terms

"Pilsen" and "Pilsner" on beers not produced in Pilsen. Mr. Castell, who is now Secretary of the Original Beer Importing and Distributing Co., Inc., also attended a hearing held on a proposed similar regulation by the predecessor agency (the Federal Alcohol Control Administration), on February 13, 1935. For these reasons, and as the subject of "Wurzburger" was discussed at these hearings, we find it difficult to understand your statement "The Wurzburger Hofbrau and its agent in the United States have only recently been advised of this regulation." Incidentally, the record of the February 13, 1935, hearing of the Federal Alcohol Control Administration shows that a Mr. Herman Krug of August Lucnow, Inc., New York, appeared on behalf of the "Wurzburger Brewery" of Wurzburg, Germany.

On the basis of the facts developed at the hearings referred to, as well as those developed at a hearing held on May 15, 1935, by the former Federal Alcohol Control Administration, it is not surprising that the Federal Alcohol Administration concluded that "Wurzburger" was understood by the consumer as a geographic name for a distinctive type of malt beverage, as was true with respect to the names "Dortmunder", "Kulmbacher", "Weiner", "Munchner", etc. According to the testimony of Mr. Krug, for example, "Wurzburger" had been imported into the United States since 1898 and American brewers had thereafter adopted the name for the simple reason it was a most descriptive and less ambiguous description of beer. Other testimony, following that of Mr. Krug, suggested that since the name "Wurzburger" had been used to describe beer produced in the United States for so long a period of time without any objection having been raised by the brewer abroad or by his agent in the United States, such failure to object had permitted the name to develop into a generic description.

The regulations, as they now stand, cannot be modified except pursuant to public hearing as provided in the Federal Alcohol Administration Act. In the absence of any showing of any change in consumer understanding of the name "Wurzburger"; and in view of recent informal advices from the Embassy of the Federal Republic of Germany indicating that the term "Wurzburger", as applied to beer in Germany, is regarded in much the same light as "Dortmunder", "Kulmbacher", "Pilsner" etc., there would appear to be no basis for entertaining any proposal to schedule a public hearing on that subject.

If you would care to examine the transcripts of the hearings above mentioned, they will be made available for examination upon request.

Very truly yours,

/s/ HAROLD A. SERR
Acting Director, Alcohol and Tobacco Tax Divison

[The above letter, Plaintiff's Interrogatory Exhibit 15, was proffered at trial as Defendant's Exhibit No. 109.]